

# BRIEFING ON DOD-IG AND GAO AUDIT REPORTS FOR THE DOD FLEET MANAGEMENT WORKSHOP

---

Mercury Associates

***Gary R Hatfield***

***941-685-6907***

***ghatfield@mercury-assoc.com***

## DoD-IG Project No. D2012-D000FE-0073.000 (Draft Report)

**“Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region”**

### What They Did:

The IG determined whether the Navy, Defense Logistics Agency (DLA), Pentagon Force Protection Agency (PFPA), and Washington Headquarters Services (WHS) had controls in place to accurately assess their requirements for nontactical vehicles in the National Capital Region (NCR) and whether vehicles met DoD standards, such as 12,000 miles of annual usage for sedans. ***The IG classified vehicles that used less than half of the mileage standard as excess.***

### What They Found:

The Navy, DLA, PFPA, and WHS did not have controls in place to accurately assess their requirements for 774 nontactical vehicles, costing \$2 million in 2011, in their NCR vehicle fleets. Specifically:

- Navy, DLA, PFPA, and WHS fleet managers did not perform annual mileage reviews of staff vehicles;
- Navy, DLA, and WHS fleet managers did not maintain adequate daily mileage logs; and
- DLA and WHS did not centrally manage their NCR vehicle fleets.

## DoD-IG Project No. D2012-D000FE-0073.000 (Draft Report)

### “Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region”

#### Causes:

- **Fleet managers** had staffing shortages and staff turnover;
- were unaware of or lacked the authority to enforce the requirements to conduct annual reviews and maintain daily mileage logs; and
- did not have identifying excess vehicles as a priority task.

#### Impact:

- The Components had 511 excess nontactical vehicles, including 89 vehicles driven less than 1,000 miles, with annual base lease costs of about \$1.2 million.
- Eliminating these unneeded vehicles would save about \$7.2 million over the next 6 years.
- Further, Naval Criminal Investigative Service (NCIS) and PFPA did not establish guidelines on the use of 335 law enforcement vehicles.

## **DoD-IG Project No. D2012-D000FE-0073.000 (Draft Report)**

**“Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region”**

### **What They Recommended:**

- Eliminate or justify excess vehicles
- Perform annual mileage reviews of vehicles
- Establish daily usage logs
- Establish usage guidelines for law enforcement vehicles

### **Management Action Taken During the Audit:**

PFPA initiated corrective action and eliminated 15 excess vehicles with base annual lease costs of \$49,000.

## GAO Review of Fleet Management (541098) - *Draft*

### What They Did:

The GAO reviewed the extent to which selected federal agencies:

- used leading practices to manage their fleets, including the size and cost of these fleets, and
- challenges these agencies faced in managing their fleets and strategies they use to address these challenges.

### What They Found:

The GAO identified three leading practices for fleet management based on views provided by fleet management experts in the private sector, local government, fleet management associations, and consulting companies:

- 1) maintaining a well-designed fleet management information system,
- 2) analyzing life-cycle costs to inform investment decisions, and
- 3) optimizing fleet size and composition.

See table 1 for a more complete description of the leading practice.

## GAO Review of Fleet Management (541098) - *Draft*

**Table 1: GAO Synthesis of Fleet Management Leading Practices**

Practice	Description
Maintain a well-designed fleet management information system	A fleet management information system should include data from various parts of the organization on aspects of fleet management—such as inventory, costs, and utilization—and be integrated with agency financial and property management systems. Such a system allows managers to monitor performance and perform analyses needed for management decision making.
Analyze life-cycle costs to inform investment decisions	Decisions about fleet investments should be informed by an analysis of the life-cycle costs of owning and operating a vehicle, such as acquisition, fuel, maintenance, and administrative costs. Such an analysis helps agencies make cost-effective decisions, including decisions about when to replace or dispose of an owned vehicle and whether to purchase or lease a new vehicle.
Optimize fleet size and composition	Determining the number of vehicles truly needed, based on a consideration of factors, such as mission needs and vehicle utilization, can provide a basis for downsizing fleets and reducing costs. Determining the mix of vehicles truly needed based on a similar analysis can also reduce costs.

Source: GAO Analysis

## GAO Review of Fleet Management (541098) - Draft

### What They Found (cont'd):

The selected agencies followed the leading practices to some extent; however, most selected agencies lacked:

- the data and system integration needed to support sound fleet decision making and oversight;
- were not fully analyzing lifecycle costs to make vehicle investment decisions; and
- had not always made clear the basis for their optimal fleet size and composition targets.

### Causes:

- Financial Management Information Systems (FMIS) did not capture all the necessary data, data was stored outside the systems, and *the type of data missing most frequently was data on costs, especially indirect costs.*
- Agencies did not *analyze life-cycle costs* to make vehicle replacement decisions.
- Agency officials also identified challenges with multiple and competing energy requirements, the allocation of funding to fleet management activities, and *ensuring that fleet managers had adequate expertise in a decentralized environment.*

## GAO Review of Fleet Management (541098) - Draft

### Impact:

- The lack of a FMIS with comprehensive data on fleet-related costs can make monitoring and analysis needed for fleet management very challenging.
- Lack of data greatly reduces the usefulness of systems to conduct analysis.
- Not considering a full set of costs or *not conducting any lease versus ownership analysis* may lead agencies to incorrectly conclude that one method of vehicle procurement is less expensive than another and could therefore lead to higher overall fleet management costs.
- While all the agencies GAO reviewed had set targets and developed plans for achieving their optimal fleet inventories by 2015 and most made progress in 2012 toward these targets, some agencies were *not fully following GSA's recommended methodology* for determining the optimal fleet inventories and therefore were missing opportunities to ensure that their fleets were the right size and composition to meet their mission cost-effectively.



## GAO Review of Fleet Management (541098) - *Draft*

### DoD Response:

- In an aggressive effort to meet Executive, Federal and Departmental regulations and to provide accurate and timely Fleet Management Information, DoD has appointed a Fleet Manager within OSD(AT&L) for vehicle management oversight and has reengineered its asset management system, available to all DoD agencies, to fulfill all the fleet information and accountability requirements.
- The Defense Property Accountability System (DPAS) has the capability to capture all fleet data, including direct and indirect costs, for life-cycle cost analysis; will permit total Fleet visibility within one system regardless of acquisition source (Lease/Owned); has seamless integration between Fleet, Property and Financial management systems; will interface with FAST for Data Call submissions and contains Dispatch functionality allowing real-time utilization visibility and recording to the Fleet Manager for proper rotation and management of pooled vehicles.
- This functionality will also enable more frequent and accurate utilization assessments to properly determine optimal fleet size and composition.
- The only Fleet data currently residing outside of DPAS is the accountability, direct cost and utilization information captured by GSA for those leased vehicles. DoD is working with GSA to develop a seamless, electronic interface with those key agency systems to bring all fleet information into DPAS so sound fleet decision making and oversight can be conducted to fully analyze lifecycle costs to make vehicle investment decisions.